

Best niche opportunities for Northeast?

With ethanol and biodiesel plants coming, 'local food' demand rising and fuel prices going through the roof, what niche-market opportunities do you see developing in 2008 and beyond?

Profit Planners

Mike Evanish: The price run-up of almost everything sold by a farmer in 2007 resulted from strong national and international demand. It's based on solid demand factors, not crop failures. Ethanol and biofuels, poor European production, and rising Asian demand are trends that won't end anytime soon.

The U.S. government is making long-term biofuel commitments. Extreme environmentalists, under the protection of green slogans and fear tactics, are working to make agriculture impossible in Europe. Beware America! Asians have tasted the high-fat Western diet and are unlikely to return to high-starch.

Developing niche markets is difficult, costly and personality-intensive. It's certainly not for the average farmer, who is much more interested in production than sales. A true niche producer must excel at both.

The East Coast is already a terrific niche. More than 100 million people live



here. Weather and soils are favorable for most nontropical crops. Shipping is pretty much local. Land still remains available.

Dale Johnson: In the future, you won't need a niche market. Consumers are changing how they view the food they eat. Popular books such as Michael Pollan's "The Omnivore's Dilemma," Barbara Kingsolver's "Animal, Vegetable, Miracle" and many news articles tout the benefits of locally grown food (organic and nonorganic).

Energy costs of growing and shipping produce from California or halfway

around the world are rising. I see a bright future for East Coast farmers. Despite our droughts, our long-term water situation looks better than anywhere else.

You'll be able to develop or find a market for any animal, fruit or vegetable product you produce, as long as it's high-quality. Small farms will have an advantage. They're closer to the consumer. They can earn the consumer's trust, and adapt much quicker to changing demand.

I encourage farmers to diversify and intensify. Good examples of this are multispecies grazing, "the Joel Salatin model" and carefully planned, multiple-crop vegetable rotations.

Marketing still is the key. But it'll become easier as consumers embrace the benefits of locally produced food.

I'd encourage reading Richard Heinberg's article, "Fifty Million Farmers." You can find it on the Web at www.schumachersociety.org/publications/heinberg_06.html. It's controversial, but really makes you think about the future of food production.

George Mueller: Your question highlights three amazing market changes taking place today: 1. Dramatically higher fuel and transportation costs; 2. Increased interest in locally grown food; 3. A doubling of feed costs due to heavy and increasing ethanol demands.

Back in 1954, Nelson Smith, my boss at Lawnell Farms, shared with me that he expected 50 more years of surplus and low farm prices. True to his prediction, food shortages and high farm prices never arrived — until now.

The worldwide food shortage seems to have arrived in 2007, bringing \$4

corn, \$9 beans and \$22 milk. The futures market is guessing they might last.

High fuel prices will help insulate you from distant competition. High commodity prices will help keep local farmers from switching to your profitable niche. But choose carefully. These surely are exciting times to be farming.

Glenn Rogers: I'd look at localizing energy sources such as wind and solar energy, pelleting fuels, utilizing waste field and forest resources. I'd explore localizing the food market and capturing more of the retail dollar.

Commodity producers will continue consolidation, resulting in more food-market competition. Organic demand will continue growing, but slower and with a smaller price differential.

Niche foods depend on local taste buds, perception, demand, your growing zone, the economies of scale and thinking "outside of the box." Your niche depends on what you are most talented at growing and marketing.

Focus on capturing as much of the dollar between seed-to-retail as between wholesale-to-retail. For example, research is under way to see if growing and processing local, nontraditional grains for energy is profitable.

Explore internally, locally and regionally. Talk it over with your neighbors, partners and consultants to determine what's right for your business. Develop a business plan — and go for it!

Got a question? Our experts await

OUR Profit Planner panel would like to hear your questions. The panel consists of Michael Evanish, business services manager of Pennsylvania Farm Bureau's Members' Service Corp.; Dale Johnson, Extension farm management economist at University of Maryland; George Mueller, dairy farmer from Clifton Springs, N.Y.; and Glenn Rogers, Extension farm management specialist at University of Vermont.

Send your questions to Profit Planners, *American Agriculturist*, 5227B Baltimore Pike, Littlestown, PA 17340.

Or e-mail them to jvogel@farmprogress.com. All are submitted to our panel without identification.

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They said it

"Agriculture is the great Northeast business-niche opportunity. Pick a commodity; with proper management, it can work." **Mike Evanish**
Pennsylvania Farm Bureau



"You'll have to search out niche markets on your own, but your timing is excellent. Consumers desire local products." **George Mueller**
Clifton Springs, N.Y.



"In the near future, local food will be mainstream, not a niche. And we'll have true demand for it." **Dale Johnson**
University of Maryland



"The next niche may be local food and energy sources. The current 'localvore' theme will continue for the next few years." **Glenn Rogers**
University of Vermont

